



DEPARTMENT OF
FINANCE

GAVIN NEWSOM ■ GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

November 13, 2019

Mr. Sage Sangiacomo, City Manager
City of Ukiah
300 Seminary Avenue
Ukiah, CA 95482

Dear Mr. Sangiacomo:

Subject: Amended Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1) (E), the City of Ukiah Successor Agency (Agency) submitted an Amended Recognized Obligation Payment Schedule for the period January 1, 2020 through June 30, 2020 (Amended ROPS 19-20B) to the California Department of Finance (Finance) on August 27, 2019. Finance has completed its review of the Amended ROPS 19-20B.

Based on a sample of line items reviewed and application of the law, Finance has made the following determination:

Item No. 17 – Administrative Cost Allowance (ACA) in the total requested amount of \$250,000 is not allowed. The June 12, 2019 Court of Appeal decision in Ukiah v. Bosler (Sacramento County Case No. 34-2014-80001744) (Court Order) determined the First Amended Funding Agreement (Funding Agreement) is an enforceable obligation and entitles the Agency to request funding on the ROPS to pay the obligation. To comply with the Court Order, Finance is approving \$6,000,000 Redevelopment Property Tax Trust Fund (RPTTF) for the Funding Agreement under Item No. 22. The Agency contends the payment for the judgment should have been authorized using RPTTF during ROPS 18-19, which would have been sufficient to generate enough distributed RPTTF to authorize \$250,000 in ACA for ROPS 19-20.

To be eligible to request funding under HSC section 34177 (o) (1) (E), the request must be to make a necessary payment on an approved enforceable obligation in the second half of the ROPS period. However, the request for payment for an administrative cost allowance is neither an enforceable obligation under HSC section 34177 (d) nor is it for funds needed to make a necessary payment in the second half of the ROPS period. As such, the request for administrative costs is not eligible for amendment pursuant to HSC section 34177 (o) (1) (E). Further, the June 12, 2019 Court Order did not address any ACA funding issue and did not order Finance to approve any ACA amendment or otherwise.

Except for the adjustments denied in part, Finance is not objecting to the remaining adjustments listed on your Amended ROPS 19-20B.

The Agency's amended maximum approved RPTTF distribution for the ROPS 19-20B period is \$6,000,000 as summarized in the Approved RPTTF Distribution table (See Attachment).

Please refer to the ROPS 19-20B schedule used to calculate the total RPTTF approved for distribution:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This is Finance's determination related to the funding of enforceable obligations reported on your Amended ROPS 19-20B. Please note there is not a Meet and Confer option for the Amended ROPS process, so Finance's determination is final. This determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this Amended ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Todd Vermillion, Supervisor, or Michael Barr, Lead Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Mr. Daniel Buffalo, Director of Finance, City of Ukiah
Ms. Chamise Cubbison, Assistant Auditor-Controller, Mendocino County

Attachment

Approved RPTTF Distribution January 2020 through June 2020	
Authorized RPTTF on ROPS 19-20B	\$ 0
Authorized Administrative RPTTF on ROPS 19-20B	0
Total Authorized RPTTF on ROPS 19-20B	0
Authorized 19-20B RPTTF Adjustments	6,000,000
Total Requested 19-20B Administrative RPTTF Adjustments	250,000
Finance Administrative RPTTF Adjustments	
Item No. 17	(250,000)
Total Finance Authorized 19-20B RPTTF Adjustments	6,000,000
Total Amended ROPS 19-20B RPTTF approved for distribution	6,000,000